

Realty Stock Review

October 14, 1988

VOL XIX, NO. 19

6% CASH FLOW GROWTH SEEN IN 1989 FOR EQUITY REITS

Cash Flow Surge of 1988 Should Carry Into 1989

Cash flow for the 14 equity REITs reviewed this issue is booming beyond expectations in 1988 and momentum should carry into 1989. Cash flow growth should jump about 6.1% for these 14 REITs for 1988 (see table).

We admit to conservative error (which is not a sin except perhaps in Russia). When we last reviewed this group in March, we expected 1988 cash flow growth of about 2% (RSR, March 11). Naturally we're excited that the reality is outstripping our expectations. And you should know that our 1988 estimates are 4.25% lower than Wall Street estimates for these 14 trusts.

Looking ahead to 1989, our early estimate sees about a 5.75% cash flow growth for the coming year. Again, Wall Street estimates are about 5% higher than ours, but we prefer to be on the low end.

Lest you think we're stacking the deck in our choices, the 14 equity REITs reviewed this issue have about \$3.1 billion market value, or about 28% of the industry's total value. That means it's a good representative sample. One trust, EQK Realty, is expected to have a small decline for 1989, and cash flow will grow less than 2% for Storage Equities. Their lagging CFS performance is reflected in dividend yields over 11%.

Cash flow growth is the leader for dividend growth, and eight of the 14 equity REITs reviewed have boosted payout by an average 6.5% so far during 1988.

Latest to announce raises were Santa Anita Realty, up 2% to \$2.08 annual rate, and United Dominion Realty, up 11.5% to \$1.16 annual rate. Other payout boosters in 1988: Burnham Pac., Federal, IRT Prop., New Plan, Weingarten and Western.

Total return from the 14 equity REITs thus is about 13% overall, computed as 7.21% current yield and 5.75% expected CFS growth. If the two laggards are omitted, estimated total return rises to about 13.4% (i.e., 6.68% yield and 6.71% estimated CFS growth).

That's about 2.0% to 2.5% better than the implicit 10.9% annual growth in the S&P 500 today (i.e., a 2.5% equity risk premium over the 8.4% yield on 5-year Treasuries). Interestingly, only about 3.65% of the S&P total return derives from dividends, while equity REIT investors get over half their total return from known dividends.

Here's our tally of 1988 and 1989 expected cash flow per share (CFS), and current dividend yields, for the 14 REITs:

Trust	Div. Yld.	—CFS Est.—		% Chang.
		1988	1989	
Burnham Pac.	6.7%	\$1.34	\$1.45	+8.2%
*EQK Realty	13.0	1.68	1.66	-1.2
Federal Realty	6.3	1.42	1.58	+11.3
First Union	8.1	1.80	1.87	+3.9
Int'l. Income	7.8	0.78	0.80	+2.6
IRT Property	7.9	1.25	1.30	+4.0
New Plan Rlty	6.4	0.90	0.95	+5.6
Santa Anita	6.3	2.10	2.20	+4.8
*Storage Eq.	12.6	1.18	1.20	+1.7
United Dom.	6.3	1.22	1.34	+9.8
Wash REIT	5.1	1.45	1.60	+10.3
Weingarten	6.6	2.15	2.25	+4.7
Western Inv.	6.8	1.38	1.50	+8.7
Totals	7.2%	\$20.00	\$21.15	+5.8%
*12 Growth	6.7%	\$17.14	\$18.29	+6.7%

*Slower growth REITs excluded.

NEW LOOK -- SAME COMMITMENT

With this issue we've switched to new desktop publishing equipment which lets us do the following:

Type is set in proportional sized characters for easier reading.

Statistical tables are set in smaller type to give more space for narrative.

We hope you like the change. Your comments are invited. As always, our commitment to give you the best analysis and facts continues without change.

IN THIS ISSUE

RANKING REVIEW ISSUE

Equity REIT Group Review.....1

REVIEWS OF STOCKS

Burnham Pacific Properties, Inc....2

EQK Realty Investors I.....2

Federal Realty Investment Trust...3

First Union Realty Investments.....3

HRE Properties Inc.....4

International Income Properties.....4

IRT Property Co.....5

New Plan Realty Trust.....5

Santa Anita Companies.....6

Storage Equities, Inc.....6

United Dominion Realty Trust.....7

Washington Real Estate Inv. Tru.....7

Weingarten Realty Investors.....8

Western Investment Real Estate T.....8

Realty Stock Review

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BURNHAM PACIFIC PROPERTIES, INC.

This equity REIT has prospered by focusing on properties located in San Diego, Calif. After converting to a REIT from MLP format in Mar. 1987, BPP took two steps in June to become a significantly larger REIT player. In June it increased its equity base to \$44 mil. by acquiring a sister trust and raising \$30.6 mil. gross by selling 1.675 mil. new shares at \$18.25.

Gut Issue: Can BPP continue to get strong gains from upgrading retail properties? We think the answer is a strong yes. The merger and capital base expansion has obscured BPP's commitment to retail, which benefits from leasing and management skills of its adviser, John Burnham & Co., a major San Diego realty company. BPP has used proceeds from the June stock offering to buy two retail centers with 99,000 square feet, and now owns 745,000 net sq. ft. in 11 shopping centers, or about 70% of portfolio at cost.

One growth path for BPP may be to acquire the 176,600 sq.ft. net undivided interests in these centers held by investor groups. Over time we expect that BPP will attempt to buy these joint venture interests. If accomplished, BPP would then own nearly 1 mil. sq. ft. in the San Diego metro area.

BPP has a history of buying underused properties and boosting return. Examples: it bought a center with vacant land leased to a garden nursery, terminated the lease and built 17,400 sq. ft. of new space initially leased at 28% of building cost. The two new centers, Plaza Rancho Carmel and Poway Center, are 40% and 22% vacant respectively. They were bought at dis-

counted prices and/or seller-guaranteed rents to preserve cash flow. The adviser expects to have them fully leased soon, perhaps by year end.

Other properties: BPP also owns two office buildings with 209,000 SF (including 159,850 SF Alcoa Office Bldg. in San Diego), totaling 25% of cost; and 50% of Beverly Garland Hotel, 258 rms., No. Hollywood, Calif.

Cash Flow and Dividends: We are boosting our 1988 cash flow estimate to \$1.35/sh., from \$1.24, and see a 7%-8% gain to \$1.45-\$1.50/sh. in 1989. The current \$1.32/sh. dividend, yielding 7.0%, should rise in tandem with this cash flow in 1989. BPP currently trades at about 14.1 times operating cash flow, implying BPP's price could move up about 8% to \$20.50 by next year if that multiple holds. **Advice: With expected total return of about 15% (7% yield, 8% price), BPP should outpace the general market and merits current purchase. (KDC)**

(BPP:ASE) RANK B 4.01 mil. shares
\$19.00 Div. \$1.32 Yield: 6.9% Price/CFS: 14.1

	Op.EPS	Op.CFS	Div.	High	Low	Yield
9/85 Yr.	\$0.50	1.03	1.03	15.00	14.42	7-7%
9/86 Yr.	0.41	1.03	1.07	16.33	12.50	8-7
3/87a	0.06a	0.98A	1.06A			
12/87b	0.01b	1.17A	1.15A	21.50	15.25	8-5
12/88E	NE	1.35	1.30	19.50	16.38z	8-7
12/89E	NE	1.45	1.40			

a-6 mon. b-9 mon. z-To date. A-Annualized.

Debt: \$65.5 mil. Equity: \$43.8 mil. (\$10.92/sh.) Debt/Equity ratio: 1.5-1

Address: 610 W. Ash St., Box 2910, San Diego, CA 92112. (619) 236-1555.

EQK REALTY INVESTORS I

EKR, a finite-life REIT with a 1997 liquidation target, came public in Mar. 1985, issuing \$170.8 mil. of stock used to acquire three properties in Atlanta, Indianapolis and Harrisburg.

Gut Issue: Will EKR's dividend suffer with a major tenant vacating 140,000 SF in Peachtree-Dunwoody Pavilion office/industrial complex on the north side of Atlanta? The tenant, Digital Equipment, will leave in Aug. 1989. Digital's space is 20.8% of the 673,000 SF complex. Occupancy is about 92.6% but does not reflect the loss.

The acquisition of Johnstown American Cos. by Southmark Corp. cast a shadow of doubt on JAC's lease of 8.2% of space (with purchase option), which expires in 1993. In 1989, one other major tenant with 4.5% of total space expires but EKR expects renewal.

EKR hopes to increase rents in this market, even tho vacancies stand near 20%, by upgrading common spaces, exteriors and landscaping - turning a "B" property into a "B+/A-" property. Castleton Commercial Office Park, located in Indianapolis, IN, is comprised of 46 buildings with 982,000 SF offices and 201,000 SF warehouse space. Castleton, like Peachtree, is under market pressure, but unlike Peachtree, gives away no free rent. Castleton is currently 90% occupied, with no major leases coming due until 1991.

Harrisburg (PA) East Mall, is a two-level enclosed regional mall with 318,000 SF leasable mall space, about 99% leased. This mall has been EKR's "shining star" and looks to

continue. A food court has been completed and is set to open in mid-Oct. Debt on the mall is \$67.58 mil. (net of approx. \$38 mil. unamortized discount) from two privately placed zero coupon note issues both due 1992 with an average effective rate of 10.2%. Zeros worry many investors and this has depressed the stock. We feel that liquidation will give adequate coverage.

Cash flow and dividend: EKR's payout is 80.7% return of capital for \$1.34 of tax-sheltered income in 1987 and it will be about the same in 1988. Management fee subordination lowers level of uncertainty in EKR's dividend, but will be required indefinitely. Support should hold payout in all but a deep recession.

Advice: Hold shares for high tax-sheltered yield. Problems in Atlanta negate positive impact of Harrisburg Mall but at current price, EKR's last posted net liquidation value of \$18.10/sh. and current dividend provide a 14.8% return to termination. EKR expects to bump up liquidation value slightly in new appraisal due soon. (MJH)

(EKR-NYSE) Rank B Dec. years. 7.59 mil. shares.
\$12.38 Div. \$1.66 Yield 13.4%

	EPS	Op.CFS	Div.	High	Low	Yield
1985	\$0.66	\$1.01a	\$0.945	\$17.75	\$15.25	7.6-8.9%
1986	0.41	1.64	1.585	18.25	14.50	8.6-10.9
1987	0.09	1.67	1.66	16.38	11.00	10.1-15.1
1988E	0.04	1.68	1.66	14.63	11.50	11.4-14.4z
1989E	0.04	1.66	1.66			

a-9 mo. CFS/Div. annual rate: \$1.35/1.26.

Debt: \$80.73 mil. Equity: \$110.1 mil. (\$14.51/sh.) Debt/equity ratio 0.73-1.

Address: 3 Bala Plaza East, Box 1565, Bala Cynwyd, PA 19004. (215) 667-2300.

FEDERAL REALTY INVESTMENT TRUST

FRT is a Maryland-based REIT owning older strip and mall shopping centers, primarily in the Northeast. We consider FRT a model for the REIT industry. FRT isn't content sitting passively on a pool of real estate. Instead, the trust chases neglected properties with leases near expiration. By upgrading the centers and their tenant mix, FRT aggressively adds value to its properties. That strategy has generated an unbroken 20-year stream of dividend payments that have been increasing 8.6% annually since 1984. FRT's increased its Sept. qtr. dividend 10% to \$0.33.

FRT currently owns 35 centers with 8.0 mil. SF boasting 96% occupancy. The centers are carried on FRT's books at \$302.8 mil., but we put their actual market value at \$375 mil.-\$400 mil., or \$21-\$23/sh. net of debt.

Gut Issue: FRT looks strong for 1989. FRT expects to close on a package of seven New Jersey centers by the end of 1988. The centers, containing 1.5 mil. feet of retail space, will be leased from a 72-year-old widow whose husband built the properties in the 1950's and 1960's, so they are ripe for remerchandising. A pool of cash from a low-interest 1987 Eurobond offering will protect FRT from high interest rates. We see FRT posting 1988 CFS at \$1.42, up 10%. We estimate 1989 CFS at \$1.58, up 11.3%.

The settlement of a three-year-old dispute with FRT's former property manager will cut Sept. quarter CFS by \$0.06/sh. ISM Management sued FRT for \$38 mil. over the firm's 1985 dismissal, alleging it was wrongfully dismissed. FRT settled the suit

in the middle of jury selection Sept. 28, agreeing to immediately pay \$2.25 mil. in future leasing commissions plus \$1.75 mil. damages. FRT says its insurance carrier will cover at least half of the \$1.75 mil. payment and may foot the whole bill. Nevertheless, FRT will take a \$0.06/sh. Sept. qtr. charge for its end of the claim and probably another \$0.01/sh. for legal costs.

The commissions which would have been paid sooner or later anyway, were paid during the Sept. quarter but will be expensed over several years. So FRT's books won't immediately show that \$0.16/sh. payout.

Recommendation: Buy for long-term value. FRT is just the kind of stable, hard-asset stock that does well in high interest, sideways markets. At the current price, FRT offers a 6.3% dividend and a CFS gain of about 11.3%, or a total return around 17.6%. While this is in line with FRT's present liquidation value, a seasoned management team adds value. (JMH)

(FRT-NYSE) Rank A Dec. years 13.6 mil. shares

\$20.88 Div. \$1.32 Yield 6.3% Price/CFS: 14.7

	Op. EPS	Gains	Op. CFS	Div.	High	Low	Yield
1985	\$0.75	.12	\$1.15	\$0.98	\$17.13	\$13.38	7.3-5.7
1986	0.65	.61	1.17	1.05	23.75	16.13	6.5-4.5
1987	0.47		1.29	1.14	25.75	17.25	6.6-4.4
1988E	0.51		1.42	1.26	21.34	19.00	6.6-5.8
1989E	NE	NE	1.58	1.40			

Debt: \$294.8 mil. Equity: \$97.4 mil. \$7.16/sh. Debt/equity ratio 3.0

Address: 4800 Hampton Lane, Bethesda, MD (301) 652-3360.

FUR 10/12/88 #28

FIRST UNION REAL ESTATE INVESTMENTS

This major nationwide owner of institutional grade shopping centers and offices is reporting slower cash flow growth and a flat dividend. Meantime FUR is spending heavily to remodel properties, and reports stronger leasing in many markets.

Gut Issue: When will dividend growth resume at FUR? We believe FUR could boost payout modestly from the current \$1.50/sh. level sometime in 1989. But this is based on management's feel that leasing is stronger, rather than any tangible evidence. Indeed, we are fighting the tape since recent selling drove FUR stock to 18-1/8 in August, close to its Oct. 1987 panic low of 16.

Recent evidence: When current renovations are done, FUR will have upgraded 13 of its 17 centers, containing 5.8 mil. net rentable sq. ft. FUR added 63,000 sq. ft. to Fairgrounds Square, Reading, Pa. in Sept. and reports strong traffic. Crossroads Mall, 428,000 SF in Ft. Dodge, Iowa, was modernized in Sept. and leasing interest is strong. Valley Mall in Yakima, Wash. and Mall 205 in Portland, Ore. both will be renovated by year-end.

But pockets of vacancies remain: Renovated 387,000 SF Westgate Towne Ctr. in Abilene, Tex. is leasing slowly, altho a second anchor may come on board soon. Peachtree Mall, Marysville, Cal. with 429,000 SF was rebuilt after a flood but leasing remains very slow and the mall is breakeven. Overall FUR centers were 91.8% occupied entering 1988 and probably won't hit the mid-90% occupancy range till mid-1989. We see tremendous potential operating leverage, since each 1% occupancy gain adds about \$0.03/sh. to CFS.

Offices and other properties: FUR's \$404 mil. invested assets before depreciation are 77% properties and 23% mortgages, made in hopes of acquiring properties. Properties are 71.5% shopping centers; 24% in eight major urban offices with 1.79 mil. SF at \$41.30/SF cost; and 4.5% in hotel, parking and land leases. Included is the last vacant office site in downtown Cleveland, 2.5 acres costing \$23/SF and worth much more.

FUR last published an appraised value in Dec. 1985, at \$35.05/sh.. What's FUR worth today? Our guess is \$21-\$25, but filling problem centers could boost this number dramatically.

Cash flow and dividends: Operating cash flow is expected to be about \$1.35/sh. in 1988, up about 4.7% from \$1.29/sh. We see about \$1.45-\$1.50/sh. in 1989. Operating CFS hasn't covered FUR's \$1.50 payout since that rate was set in Dec. 1986; FUR has supplemented operating CFS from installment capital gains on properties sold several years ago. These gains added \$0.37 in 1987 and \$0.20 thru 1988's first half. These recurring gains might give FUR latitude to bump the payout. **Advice: We feel FUR is a strong buy now.** (KDC)

(FUR-NYSE) RANK A 18.15 mil. shs.

\$18.75 Div. \$1.50 Yld. 8.0% Price/CFS: 13.9

	Op. EPS	Op. CFS	Div.	High	Low	Yield
1985	\$1.20a	\$1.40	\$1.32	\$21.25	\$16.88	6-8%
1986	1.18a	1.39	1.45	26.13	16.75	9-6
1987	1.06a	1.29	1.50	28.50	16.00	9-5
1988E	NE	1.35	1.50	25.50	18.00	8-6z
1989E	NE	1.45	1.52-4			

a-Plus Cap. gains: '85-0.12; '86-0.22; '87-0.37; '88-0.20. z-To date.

Debt: \$203.6 mil. Equity: \$106.7 mil. \$59.2 mil. deprec.: equals \$9.16. Debt/equity ratio: 1.2

Address: 55 Public Sq., #1900, Cleveland, O. 44113. (216) 781-4030

HRE PROPERTIES INC.

A diversified, conservatively managed REIT, New York City-based HRE has been weakened in the past two years by high office vacancies. About 86% of HRE's assets is in equity real estate: 41% retail, 44% office and 15% warehouse. Another 5% of assets is in mortgages with equity kickers. The remaining 9% is straight mortgages.

Gut Issue: What's more important, HRE's recovering financials or possible takeover action? Both elements are positive forces. *Recovery:* CFS for 1988 will fall \$0.05 to \$1.80, but 1989 will improve. After a couple of years of poor vacancies HRE is looking much stronger. Office occupancy reached 90% in the July quarter, up from 86% in 1987. Management hopes to fill another 2% of that space by the end of the Oct. year.

While HRE doesn't try to lure tenants with free rent concessions, it does offer low rents. HRE's space in Houston goes for \$9/SF and less than \$11/SF in Denver. Leased space in HRE's Houston offices increased from 63% to 76% this year, while Denver rose from 83% to 91%. Much of the newly-leased space is not yet occupied, so the cash isn't all coming in the door yet. Increased office occupancy should add \$0.05-.06 CFS next year.

Cash flow gains from a stronger retail occupancy, which was never hurt as much as HRE's offices, will almost be a wash for 1989. HRE's agreement to buy out its partner in the recently remodeled Clearwater center for \$1.5 mil. paid over five years (\$0.05/sh. annually) will offset the 4% occupancy increase to 91%. But retail looks solid for the long term.

Takeover moves? Two investors have been buying up HRE

shares. One is HRE Chairman Charles Urstadt, who in Aug. boosted his stake in HRE to 12.6% from 9% at the beginning of the year. An Urstadt ally, George Lawrence, also joined HRE's board recently.

But Urstadt has a competitor. In Aug., Roslyn, N.Y.-based Kimco Corp. was lured by cheap properties and disclosed that it held a 5.3% stake in HRE. A low-profile shopping center developer, Kimco came to prominence this summer in its artful \$300 mil. acquisition of Federated Department Stores' Gold Circle division. Neither side is showing its hand, but it is likely that either Urstadt or Kimco may make a play for HRE.

Recommendation: Take your pick: turnaround or takeover. We're content to rate HRE a buy solely on its fundamentals. We see HRE's 1989 CFS increasing moderately, about 4%, and expect a mid-year dividend hike at the same level. Assuming no takeover attempt appears, HRE stock should increase about 5% for a 13% total return. That's not great for an equity REIT, but the groundwork for long-term growth is solid. (JMH)

(HRE-NYSE) Rank A Oct. years 5.98 mil. shares							
\$25.13 Div. \$1.80 Yield 7.2% Price/CFS: 14.0							
	Op.EPS	Gains	CFS	Div.	High	Low	Yield
1985	\$1.99	\$0.02	\$2.51	\$2.26	\$27.38	23.13	9.8-8.3
1986	1.79	0.15	2.34	2.28	27.50	23.13	9.9-8.3
1987	1.35	0.17	1.85	1.92	27.75	17.25	11.1-6.9
1988E	1.14	0.07	1.80	1.80	25.75	18.13	9.9-6.9z
1989E	NE	NE	1.87	1.84			
z-To date.							

Finances: Debt \$17.3 mil. Equity \$134.6 \$22.51/sh. D/E Ratio: 0.1
Address: 530 Fifth Ave., N.Y., N.Y. 10036. (212) 642-4800

INTERNATIONAL INCOME PROPERTY INC.

IIP owns five major regional malls. Sponsors are major Australian real estate operators. IIP added 3.8 mil. shares in a June, 1988, 3-for-1 subscription issue, raising \$50.5 mil.

PROPERTIES			
Center	Total SF (000)	IIP%	Net SF
Oglethorpe, Savannah	814 Th.	51.4%	418 Th.
Northgate, Chattanooga	805 "	45.0	362
#Landmark, Alexandria	687 "	18.1	124
Meadows, Las Vegas	893 "	35.3	315
Park City, Lancaster	1,373 "	76.1	1,045
Totals	4,572		2,264

Open center, converting to mall; adding approx. 205 Th. SF.

IIP's space is divided 1.94 mil. SF in mall stores (86% of space) and 322,000 SF leased to anchors, with J.C. Penney accounting for 65% of this. The five centers contain a total 4.57 mil. SF, and anchors own 50.4% (2.3 mil. SF).

Gut Issue: Can IIP continue to support its current dividend until its Landmark Center in Alexandria, VA returns to operation in 1989/1990? Landmark Center is currently under redevelopment as a mall, with \$40 mil. of June's offering proceeds used as additional collateral for a construction loan. The total cost of the project (including \$23.5 mil. of original cost) is estimated at \$140 mil. Construction financing at prime is due about 2-1/2 years after fall 1990 completion date. Permanent financing has not yet been obtained.

Lease rollovers have boosted IIP's rents, operating cost pay-

ments and percentage rents. For the first half of 1988 this increase was \$1.716 mil., adding \$0.01/sh. over 1987 after higher interest and operating costs; second half likely will be the same.

IIP's cash flow has never supported its dividend. Shortfalls are made up by refinancing appreciated properties. IIP estimates that 9% of its unrealized value has been distributed as dividends.

Cash flow and dividends: With operating cash flow covering only about 3/4 of distributions, we expect little upside in 1988 and 1989. Tax status isn't known yet but payout has been about 80% tax-free capital return.

Advice: Hold shares or buy longer term. IIP will benefit from retailing growth of smaller mall tenants as it rolls over space. Any slowdown in retail sales does not bode well for the dividend. We suspect however, that the roll-over of mall space will more than compensate for a softening in consumer spending. Real play is in 1989/1990 as returns on Landmark Center renovation are realized. (MJH)

(IIP-ASE) Rank A Dec. years 15.44 mil. shares						
\$13.25 Div. \$1.04 Yld. 7.8%						
	Op.EPS	Op.CFS	Div.	High	Low	Yield
1985	0.19	0.70	0.94	\$11.25	\$9.25	8.4-10.2
1986	0.10	0.63	1.00	14.63	10.50	6.8-9.5
1987	0.23	0.76	1.04	16.25	11.00	6.4-9.5
1988E	0.17	0.78	1.04	14.88	11.88	7.0-8.8z
1989E	0.05	0.80	1.04			
5 Yr. Growth.		+3.4%	+2.6%	z-To Date.		

Debt: \$141.2 mil. Equity +dep.: \$143.4 mil. \$9.29/sh. D/E ratio: 1.35
Address: 100 Park Ave., New York, N.Y. 10017. (212) 972-408

RSR10148 #27

IRT PROPERTY CO.

IRT has emerged as a major Southeastern shopping center owner; it acquired Harris Teeter Props. in 12/87. The acquisition added interests in six Southeastern shopping centers with 351,000 SF, and IRT now owns about 5.75 mil. sq. ft. of space.

Gut Issue: How soon will IRT employ \$31 mil. in cash it primarily holds in CD's giving it a total yield of 2-5% less than investments in real estate? Finding reasonably priced acquisition candidates is becoming difficult in an increasingly competitive environment.

Difficulty in finding good deals was the primary fuel for the Harris-Teeter Properties (HTP) acquisition, consummated in Dec. 1987. To grow its portfolio, IRT has undertaken negotiations with shopping center developers for riskier ground-up development of six Southeastern centers. During the first half of 1988, IRT added to its cash pile. IRT acquired four shopping centers for \$15.2 mil. or \$63.47/sq. ft. Two mortgage loan investments were pre-paid, adding \$5.6 mil. to cash, and sold a center and two land parcels for aggregate proceeds of \$7.6 mil. The total \$13.2 mil. thus raised exceeded by \$1.55 mil. the \$11.65 mil. net cash used to purchase the new shopping centers.

The newly acquired centers are: Colony Square, Fitzgerald, GA, 50,000 sq. ft.; Delchamps Plaza, Pascagoula, MS, 66,900 sq. ft.; Old Kings Commons, Palm Coast, FL, 85,600 sq. ft.; and a 37,000 SF Harris-Teeter center in Lexington, VA. The going-in yield on these centers is approx. 9-1/2% with percentage rent potential. One (Palm Coast) is anchored by a WalMart, and Wal-

Mart stores adjoin two others.

IRT's portfolio at June 30, 1988, was valued at \$159 mil. cost. Shopping centers (at cost) are approx. 86% and stood at 5.75 mil. SF space in 63 centers. Cost is about \$23.78/SF.

Cash flow and Dividends: The HTP merger added a kick to 1988 cash flow that should taper off in 1989. IRT has a history of strategic property sales and in the past used these funds to support its payout. We estimate that IRT will have \$0.70/sh. in sale gains in 1988. After the HTP acquisition, IRT has, in the course of digestion, done a larger amount of weeding than is usual. This creates a not-so-remote possibility that IRT may declare a special dividend, as it did in 1986 (\$0.21/sh.). Better, IRT is close to covering its dividend from operating cash flow, and while it will certainly try to internalize additional cash from gains, REIT requirements may force a distribution.

Advice: Strong hold/buy. IRT is well positioned in direct financing leases and more aggressive strip and mall shopping centers. (MJH)

(IRT-NYSE) Rank A Dec. years. 9.64 mil. shares.

	\$17.75 Div.	\$1.40 Op.EPS	Yield 7.9%	Op.CFS	Div.	High	Low	Yield
1985		\$1.04a		\$1.15	\$1.13	\$17.63	\$14.38	6.4-7.9%
1986		0.85a		1.03	1.45	19.00	12.38	7.6-11.7
1987		0.76a		1.09	1.30	20.38	12.88	6.4-10.1
1988E		0.85		1.25	1.40	18.63	14.50	7.5-9.7z
1989E		0.90		1.30	1.45			

a-Plus gains: '85-0.19; '86-0.38; '87-0.07; '88E-0.70

Debt: \$104.7 mil. Equity: \$108.5 mil. (Incl. dep.) \$11.26/sh. Debt/Equity 1.14-1.
Address: 200 Galleria Pkwy. NW, #1400, Atlanta, Ga. 30339. (404)955-4406.

NEW PLAN REALTY TRUST

NPR is a blue-chip REIT that buys shopping centers in the Mid-Atlantic, Ohio Valley and Southeast regions, stressing smaller low-growth towns that don't invite competition. The trust upgrades rents and returns by aggressively expanding, renovating, releasing and promoting the properties. In Aug. NPR absorbed its longtime manager, Dover Management Corp. and became the first public self-administered and managed REIT. While cost savings are minimal, the move eliminates any potential conflict of interests posed by an outside adviser's other activities.

Gut Issue: NPR is making progress toward spending its cash horde. For more than two years, NPR has been sitting on a \$100 mil. cash pile raised through a convertible debt offering in 1986. Those bonds have been converted. Because of the difficulty of finding centers at the right prices, cautious NPR officials still have about \$90 mil. in low-yielding securities, a move that has penalized performance. But NPR now has deals worth \$10-\$20 mil. in the works. Two centers are under contract and are expected to close in Nov., while contracts on two more properties are in the works. NPR is negotiating for a separate package of centers but officials say any conclusion is still far off.

The market is pricing the trust assuming full investment of its cash. NPR appraises its assets at \$16/sh. using an exceptionally aggressive 5% capitalization rate for its property income. Our more conservative 8%-8.5% cap rate places NPR's assets at \$12-\$13/sh. That, however, is taking cash at its present 9% return. If NPR gets that money into hard assets, the added income stream could add around \$3.75-\$4.25/sh. of value by our model.

We expect modest fiscal 1989 growth. When NPR posts July 1988 annual results next month, we expect EPS of \$0.88/sh., up 10% and CFS of \$0.90, up 3.4%. Because no major acquisitions will close much before the second half of FY 1989, we expect the high cash balances to hold NPR to 5% cash flow growth. about \$0.95/sh.

NPR now owns 37 centers with net leaseable space of 4.7 mil. SF. Philadelphia's Roosevelt Mall, which accounts for 25% of rental revenue, is being remodeled, but the project is not expected to be too disruptive to rents. Centers are about 93% occupied.

Recommendation: Buy for the long term. While estimated total return (6% yield, 5% cash flow growth) is less than many equity REITs, NPR has a superior track record both in development and dividend growth. The trust should prove to be a strong operator wherever the economy goes. As NPR invests its cash further, returns should be much stronger. (JMH)

(NPR-NYSE) Rank A July years 26.8 mil. shares
\$14.75 Div. 0.94 Yield 6.1% Price/CFS: 16.4

	EPS	CFS	Div.	High	Low	Yield
1985	\$0.70	\$0.73	\$0.65	\$17.88	\$13.75	3.6-4.7%
1986	.78	.81	.73	15.25	11.00	4.8-6.6
1987	.80a	.87a	.81	18.38	10.75	4.4-7.5
1988E	.88	.90	.90	15.25	13.25z	5.9-6.8
1989E	.92	.95	.93			

a-Incl. \$0.06/sh. acct. chrg. z-To date.

Finances: Debt: \$26.1 mil. Equity: \$159.8 mil. \$5.98/sh. Debt/Equity ratio 0.16
Address: 1120 Ave. of the Americas New York, NY 10036. (212) 869-3000.

SANTA ANITA COMPANIES

SAR pairs a REIT investing in properties (Realty), notably the Santa Anita racetrack east of Los Angeles, and an operating company (Operating) staging on-track racing meets; expansion via simulcasting of races to off-site wagering locations has boosted results. Dividend was boosted 2% in Oct. 1988.

Gut Issue: How high can SAR go, now that both business lines are on a roll? Racing is SAR's crown jewel in two ways: Realty gets 2% of pari-mutuel handle as rent, and Operating itself can earn and retain extra income by efficient operations and astute racing promotion, mainly via simulcasting. Intertrack wagering legislation now lets SAR telecast its meets to up to 13 country fairground off-site wagering locations (six are active now), as well as interstate locations in Las Vegas and Mexico. Total wagering rose in the first half, giving Realty a 31% boost in track-related rents. Operating also manages Canterbury Downs outside Minneapolis, where SAR wrote off its \$17.5 mil. investment in 1987 to stop further losses.

Property holdings are finally starting to reap benefits of lease rollovers at Santa Anita Fashion Park, a 1.0 mil. sq. ft. enclosed mall adjoining the racetrack, where SAR owns the land and 50% of the 371,000 SF mall shops. About 37% of leases are up for renewal in 1989 and 50% more in 1990-94. One small lease recently jumped from \$6 to \$46/SF rent. Rents rose 14% in the June qtr. ex Santa Anita track. SAR holds interests in other smaller properties, mainly six community shopping centers with 304,000 net rentable sq. ft.; four office buildings with 240,800 net

SF; an industrial park with net 311,000 SF; and a Calif. apartment. It has a 32.5% interest in expansion of a 600,000 SF Towson, Md. mall and 40% in a 120,000 SF office being built in downtown Pasadena, Cal.

Cash flow and dividends: SAR has just boosted payout 2% to \$2.08 annual rate, anticipating enhanced cash flow this year and next. Combined results (Realty cash flow and Operating earnings) rose 19% (ex the writeoff) in the first half and we estimate full year CFS at about \$2.10/sh., rising to about \$2.20-2.25 in 1989 and growing further in 1990-91. **Advice:** SAR stock has been making new highs reflecting the 1988 burst in CFS. Gains expected for 1989 are more modest: 6.4% yield plus 5% CFS gain. Buyers at current prices must look to larger CFS gains in 1990-91. **Hold.** (KDC)

(SAR-NYSE) RANK A

\$32.75 Div. \$2.08 Yld. 6.4% Price/CFS: 15.6

	Op.EPS	Op.CFS	Div.	High	Low	Yld.
1985	\$2.07a	\$2.24	\$1.94	\$25.25	\$20.75	9-8%
1986	1.58a	1.87	2.015	32.75	23.38	9-6
1987	d0.58a	1.92b	2.04	33.25	23.50	9-6
1988E	NE	2.10	2.06	33.50	26.75	8-6z
1989E	NE	2.20	2.10			

a-Plus discontinued oper: '85-(\$0.01); '86-(\$0.11) with disposition gain of \$0.73; '87-After \$2.09/sh. pretax writeoff of Minn. track. b-Excluding Minn. track writeoff. z-To date.

Debt: \$65.1 mil. Equity: \$55.2 mil. or \$6.49. Accum. deprec. \$18.3 mil. or \$2.15/sh. Debt/equity ratio: 1.2-1. 8.51 mil. sh.

Address: 285 West Huntington Dr., Arcadia, Calif. 91006. (818) 574-7223.

STORAGE EQUITIES INC.

SEQ is the nation's largest mini-warehouse owner and holds interests in 260 properties, mostly self-storage facilities. SEQ shares have been on a downward spiral for over two years now, following a 27% dividend cut in Sept. 1986, largely because of keen competition and some overbuilding in mini-warehouses. Also playing a part was SEQ's practice of financing its expansion by selling new shares via an aggressive dividend reinvestment plan, increasing dilution. Major dilution may now be abating, new acquisitions are being digested, space is being marketed aggressively, and fundamentals could reassert themselves.

Gut Issue: Can SEQ right itself in time to hold the lower dividend? SEQ hasn't made any acquisitions in a year and has focused instead upon renting spaces in its network of mini-warehouses. SEQ's sponsor, Public Storage Inc., went on national TV with goal of renting 50,000 spaces in July — and wound up renting 54,000. Interestingly, only two Public Storage competitors manage as many as 50,000 units. It is also installing on-site computers to help manage units and speed rent collections.

Results: Occupancy at June 30 stood at an average 81% with scheduled rents of \$0.58/sq. ft., vs. 81% and \$0.57/SF a year earlier. The market is strong in southern Calif., Boston, Philadelphia, Chicago and Washington, but weak in Atlanta, Denver and Sacramento.

Data problem: It's difficult to know precisely what SEQ owns because it has invested in 260 separate properties with 139,000 spaces, but 213 are fractional interests ranging from 10%

to 99%. Remaining ownership interests are held by seven public limited partnerships organized by Public Storage. The ownership structure thus is akin to a condo owner who places his unit in a rental pool under common management.

Cash flow and dividends: Dilution of SEQ shares has virtually stopped since SEQ quit selling new shares at a discount to both its shareholders and limited partners in the affiliated partnerships. The nearly 50% decline in SEQ stock from over 21 to current quotes around 11 has helped stem dilution. Gross cash flow/share will do well to equal the \$1.18 of 1987, and we expect very modest gains to about \$1.20 for 1989. With operating cash flow still not supporting the lower dividend, we fear there may be one more downward stroke in payout.

Advice: While shares sell at a 25% discount to the \$14.88 book value, we advise holding or taking only very aggressive longer-term recovery positions. (KDC)

(SEQ-NYSE) RANK C Dec. years 10.94 mil. shs.

\$11.13 Div. \$1.40 Yld. 12.6% Price/Cash flow: 9.4

	Op.EPS	Op.CFS	Div.	High	Low	Yld.Range
1985	\$1.10	\$1.24	\$1.88	\$21.75	\$16.63	11-9%
1986	1.04a	1.27	1.66	21.13	13.88	12-8
1987	1.00	1.18	1.40	15.88	10.00	14-9
1988E	0.95	1.18	1.40	13.25	10.63	13-11z
1989E	NE	1.20	1.30			

a-Plus sale gains of \$0.18/share. z-To date.

Debt: \$79.8 mil. Equity: \$162.8 mil. or \$14.88/sh. Debt/equity ratio: 0.5-1. Address: 1015 Grandview Ave. P.O. Box 25050, Glendale, CA 91201. (818) 224-8080.

UNITED DOMINION REALTY TRUST

UDRT, an apartment renovation and upgrading specialist operating mainly in NC & VA, has had recent success picking the bones of syndicated limited partnerships. UDRT benefits from a reversal in growth of multi-family dwellings in its region, strategically supplementing its low-cost portfolio (\$22,500/unit), with new properties, built circa 1970 and ripe for upgrade.

Gut Issue: Now that UDRT has increased its equity base, how soon will it replace recently incurred short-term borrowings with longer-term, lower cost, capital market debt? Using higher cost variable debt cuts into potential returns from underlying acquisitions and hinders cash flow growth.

In Jan. UDRT paid-down \$19.8 mil. of approx. \$31 mil. outstanding bank-line debt, using \$20 mil. proceeds of a 9-1/2%, three-year, unsecured loan from a major insurance company.

Then UDRT raised another \$35.6 mil. in an Apr., 1988, offering of 2.3 mil. shares at \$16.50. Proceeds were used to retire \$22.7 mil. in bank-line debt, with remainder used to fund two May acquisitions; a \$2.9 mil. apartment property, and a \$9.2 mil. community shopping center. In the June quarter \$3.1 mil. was used for improvements and a \$850,000 mortgage was repaid. Net result is that UDRT has borrowed approx. \$2 mil. bank-line debt at June 30 with approx. \$48 mil. open.

So far in 1988 UDRT has bought three apartment projects with 608 dwelling units, paying \$12.4 mil. or \$20,395/DU. New projects: Eastwood Villa, 200 DU, Virginia Beach, VA, \$5.5 mil.; Peachtree, Portsmouth, VA, 192 DU, \$4 mil.; and Spanish

Trace, 216 DU, \$2.9 mil. using \$3 mil. tax-exempt financing by pledging the property to low and moderate income tenants. Also, UDRT added one shopping center, 181,000 SF Village Square anchored by Wal-Mart and Winn-Dixie, in Myrtle Beach, S.C. UDRT now owns 29 apartment complexes with 6,069 units and 16 shopping centers with 1.7 mil. SF.

Cash flow and dividends: Operating cash flow is up 12% for the 1988 first half, over 1987 results. Improvement is likely to continue as a backlog of renovations coming on-stream that will add to cash flow. We see about a 10% gain in CFS to \$1.34 in 1989; payout was just boosted 7.5% to \$1.16 yearly but further growth seems in store. **Advice:** We see continued growth. Buy at current price. Occupancies running at 92.4% and supply absorption should bolster rents 6-10% over inflation in next 12-18 months. UDRT should maintain 10% growth of cash flow and dividend. (MJH)

(UDRT-OTC) Rank A Dec. years. 8.3 mil. shs.
\$18.38 Div. \$1.16 Yld. 6.3% Price/Cash flow: 15.1

	EPS	Op.CFS	Div.	High	Low	Yld.Range
1985	\$0.22a	\$0.97	\$0.94	\$14.50	\$10.34	6.5-9.1%
1986	d0.08	0.91	0.96	17.50	12.50	5.5-7.7
1987	0.16	1.08	1.02	18.75	14.13	5.4-6.5
1988E	0.19	1.22	1.18	18.13	15.63	6.5-7.5z
1989E	0.28	1.34	1.30	21.75	18.63	6.0-7.0E

a-Plus gains: '86-\$0.33 & \$0.04 debt retire. loss; '85-\$0.06 z-To date.

Debt: \$92 mil. Equity: \$104 mil. (incl. dep.) \$12.60/share. Debt/Equity ratio 0.88-1
Address: 5 E. Franklin St., P.O.Box 12365, Richmond, VA 23241 (804) 780-2691.

WASHINGTON REAL ESTATE INVESTMENT TRUST

This Washington based equity REIT has resumed its remarkable long-term growth after a recent stall. With all but one property in Washington, D.C., WRE has prospered from growth in government. Two problem properties have been worked out; 1988 cash flow is coming in at the upper end of estimates and we see about another 8%-10% gain in cash flow per share in 1989.

Gut Issue: Complacency could be WRE's biggest enemy. Because of its longer term success in rolling with the swings of real estate markets over 2-1/2 decades, WRE was a bit slow in responding to the surfeits of space created by massive tax-shelter building in the early 1980s. Hence distributions posted only a small gain in 1987 (table below).

WRE put extra manpower on its touchiest property, 360,000 sq. ft. One Metro Square in Rockville, Md. and boosted occupancy by some 10% in the past year, pushing it to 94% currently. Also, the U.S. government renewed leases at good increases for two distribution centers. Shopping center rents are now starting to show benefits of renovation of the 45,000 sq. ft. Clairmont Center, Salisbury, Md., where a former Safeway supermarket split into higher-rent smaller-shop space. The 45,000 SF Dover (Del.) Mart is now undergoing the same type of renovation.

Diversity by property type has helped preserve WRE's record even while staying in a single geographic area. First, WRE owns 100% of its properties. This means WRE doesn't take in partners, buy into joint ventures, or buy unfinished buildings. Debt leverage is low. Moreover, WRE has diversified holdings

into 27 properties while staying close to home, with its \$85.9 mil. assets at cost at Dec. 1987 divided as follows:

Type	Mil.\$	SF/DU	Per SF/DU
Shopping ctrs..	\$29.7M	800Tsf	\$37.15
Office bldgs.....	22.3	559Tsf	39.90
Apartments.....	18.6	1,297DU	14,390
Business ctrs.....	15.2	604Tsf	25.23

Cash flow and Dividends: Net cash flow rose 13% in the first half and should end 1988 at \$1.45-\$1.50/sh., up 6% to 9%. We see more growth to about \$1.60/sh. for 1989. WRE is currently paying \$1.40/sh. dividends, a rate set in the Dec. 1987 quarter. In view of CFS growth, a further bump in payout might well be in order for the closing 1988 quarter. **Advice:** The cavil we have about WRE is its elevated price, within 1/4 point of its all-time high. The 5.0% yield plus about 8%-10% cash flow growth in 1989 aren't overwhelming. Still, we think it makes sense to buy quality long term. (KDC)

(WRE-ASE) RANK A Dec. yrs. 9.19 mil. shs.
\$27.75 Div. \$1.40 Yld. 5.0% Price/Cash flow: 19.1

	Op.EPS	Op.CFS	Div.	High	Low	Yld.Range
1985	\$1.12a	\$1.23	\$1.17	\$20.13	\$15.00	8-6%
1986	1.12	1.28	1.28	26.63	18.63	7-5
1987	1.15	1.37	1.31	27.38	17.50	7.5-5
1988E	NE	1.45	1.40	28.00	22.50	6-5z
1989E	NE	1.60	1.46			

a-Plus cap. gains \$0.46. z-To date.

Debt: \$12.7 mil. Equity \$62.3 mil.; dep. \$19.5 mil.; total \$8.91/sh. Debt/equity ratio: 0.2-1.
Address: 4936 Fairmont Avenue, Bethesda, MD 20814, (301) 652-4300.

WEINGARTEN REALTY INVESTORS

A shopping center REIT concentrated around Houston, WRI is thriving - not just surviving - amid the budding turnaround in Houston's economy. Retail space now totaling nearly 8.5 mil. sq. ft. composes about 81% of WRI's developed portfolio, with 60% located in metro Houston and another 18% elsewhere in Texas. About 15% of the remaining portfolio is industrial space.

Gut Issue: How far can the incipient Texas turnaround carry WRI? Note that we are saying the Texas turnaround is already in evidence, not something in the future. That flies in the face of most investment "wisdom" we see and hear, with many investors willing to consider almost anything but Texas.

Consider: Total Texas nonagricultural jobs rose 1.7% in the year thru June, and the jobless rate dropped by 1.6% to 9.0%, still high but moving positively. The Houston jobless rate dropped even faster, from 10.4% to 7.7% and total jobs rose 2%. This clearly reverses trends of one and two years ago.

WRI has enough faith in Texas that it has bought two centers with 471,000 SF in Lubbock, a thriving West Texas hub. The larger center with 350,000 SF is seen as a major rehabilitation candidate.

Occupancy of WRI's shopping centers, which account for 90% of revenue, has stayed steady since Jan. at 94%. That's a tribute to WRI's conservative policy of not starting a new center until it is 50% preleased. Houston-area competitors are averaging around 80%. The overall portfolio is 92% leased, about the level of 1985 during the most severe part of the Southwest real estate crisis.

WRI has huge potential operating leverage. WRI's centers appear to rent for below \$7/SF on average, and that's a blended rate for both anchors (typically supermarkets) and smaller shops. A 10% rise in small-shop rents (estimated at about 50% of total space) could add about \$0.25/sh. to gross. We think that's not unreasonable in one-two years.

WRI also owns a large land bank. Although WRI's 218 unimproved acres compose just 7% of WRI's real estate assets taken at cost, the bank could be pivotal two or three years from now. Much of the land is contiguous to the sites of existing centers, some of which already have a little expansion room. Carrying costs have been a drag on CFS, but the idle land means WRI can seize new construction opportunities quickly.

Cash flow and dividends: We are boosting our 1988 cash flow estimate to \$2.15/sh. and think a further rise to \$2.25/sh. is likely for 1989. With a \$1.68 payout now, WRI covers its payout amply and has plenty of room for increases. **Advice: We are raising WRI to A Rank and advise purchase in aggressive accounts.** (KDC)

(WRI-NYSE) RANK A Dec. yrs. 13.96 mil. shs.
\$25.38 Div. \$1.68 Yld. 6.6% Price/Cash flow: 11.8

Yr.	Op.EPS	Op.CFS	Div.	High	Low	Yld.Range
1985	\$1.14	\$1.82	\$0.97	\$20.38	\$19.00	8-7%A
1986	1.27	1.93	1.56	25.00	19.50	8-6
1987	1.28	2.04	1.60	28.38	18.50	9-5
1988E	NE	2.15	1.68	28.25	22.38	7.5-6z
1989E	NE	2.25	1.76			

A-Annualized; went public Aug. 16. z-To date.

Debt: \$186 mil. Equity \$104.2 mil.; dep. \$80.4 mil., total equal \$13.22/sh. D/E ratio: 1.8-1.
Address: 2600 Citadel Plaza Dr., P.O. Box 924133, Houston, Tex. 77292. (714) 866-6000

WESTERN INVESTMENT REAL ESTATE TRUST

WIR invests, mainly thru participating mortgages and leasebacks, in shopping centers in northern and central CA and NV, regions poised for rapid growth. WIR raised \$75 mil. in a July, 1988 offering of 8% convertible debentures, giving it a relatively low cost of capital in today's market conditions.

Gut Issue: How will WIR finance future additions to its portfolio? With proceeds from its recent debt offer mostly invested, WIR now may have to return to using higher cost variable bank-line financing until it can return to the capital markets. WIR has approx. \$60 mil. in bank-line credit available, effectively doubled from June and freshly replenished by paying down the outstanding balance of \$34 mil. with offering proceeds. This provides WIR with the opportunity to take advantage of the current Calif. growth boom. Investors should recognize that borrowing short-term to buy long-term assets carries the risk that if WIR stock takes a tumble, future financing becomes unfeasible.

In a very competitive property market, WIR has been able to acquire shopping centers by following expansion plans of Raley's, a growing regional supermarket chain, and providing construction and follow-on financing to selected developers known to Raley's. This has let WIR acquire five shopping centers in 1988, all but the last anchored by a Raley's supermarket, and all bought with an approx. 10% going-in yield to WIR. With 8% debenture costs, WIR reaps a 2% spread, crucial to its EPS/CFS growth.

New centers bought in 1988 contain 581,358 SF and cost

\$43.5 mil., or \$74.85/SF. They are: North Hills in North Reno, NV, 103,669 SF, cost \$8.6 mil.; Cobblestone in Redding, CA, 116,331 SF, cost \$9.66 mil.; Elko Junction in Elko, NV, 87,975 SF, cost \$5.8 mil.; Sky Park, 162,848 SF, Chico, CA, cost \$11.4 mil.; and Canal Farm, 110,535 SF; in Los Banos, CA, for \$8 mil. via exercise of purchase option. WIR has committed to acquire a sixth center, Victorian Walk in Fresno, CA, for \$8.5 mil. for this 102,581 SF center scheduled for Nov. 1988 completion.

Net real estate investments of \$184 mil. at June 30 consisted of 66% equity ownership including leasebacks; 31% participating convertible loans; 2% direct financing leases.

Cash flow and dividend: New 1988 investments should add about \$0.04-\$0.05/sh. per quarter to cash flow. Participations and percentage rents are icing. We see 1988 cash flow/share (CFS) of about \$1.38, rising to \$1.50 in 1989. WIR paid 92% of cash flow in 1987 and 1988-1989 payout should be in line.

Advice: Accumulate shares for participation in Calif. economy still growing unabated. Cash flow should continue to rise. (MJH)

(WIR-ASE) Rank A Dec. years. 11.97 mil. shares.
\$17.75 Div. \$1.28 Yld. 7.2% Price/Cash flow: 12.9

	Op.EPS	Op.CFS	Div.	High	Low	Yld.Range
1985	\$0.91a	\$1.05	\$1.03	\$21.25	\$17.00	4.8-6.1%
1986	1.01a	1.15	1.09	26.13	19.00	4.2-5.7
1987	1.07	1.27	1.165	20.50	13.38	5.7-8.7
1988E	1.18	1.38	1.275	19.63	16.00	6.5-8.0z
1989E	1.24	1.50	1.37			

a-Plus sale gains of \$0.07. z-To date.

Debt: \$110.2 mil. Equity: \$157.7 mil. (incl. dep.) or \$13.19/share. Debt/equity ratio: 0.74-1.
Address: 3450 California St., San Francisco, CA 94118. (415) 929-0211.